

SMARTPHOTO GROUP

HALF-YEARLY FINANCIAL REPORT 2023

Regulated information



HALF-YEARLY FINANCIAL REPORT 2023

TABLE OF CONTENT

Management responsibility statement	3
Key figures	4
About the first half-year	5
Abridged financial statements for the period ending 30 June 2023	6
Statement of profit or loss for the period	6
Statement of profit or loss and other comprehensive income for the period	6
Statement of financial position as at the end of the period	7
Statement of cash flows for the period	8
Statement of changes in equity for the period	9
Basis for the preparation of the half-yearly consolidated financial statements	9
Notes to the half-yearly consolidated financial statements	11
1. Business combinations	11
2. Operating segments	11
3. Revenue	13
4. Capitalisation of internally generated intangible assets	13
5. Trade goods, raw materials and consumables	13
6. Employee benefits	13
7. Depreciation, amortisation, write-downs and impairment	13
8. Other operating expenses	13
9. Financial result	14
10. Income taxes expense (-)/income	14
11. Other comprehensive income/loss (-)	14
12. Property, plant and equipment	15
13. Right-of-use assets	15
14. Goodwill	15
15. Intangible assets	16
16. Deferred tax assets	16
17. Inventories	16
18. Trade and other receivables	17
19. Cash and cash equivalents	17
20. Current tax assets	17
21. Total equity	18
22. Current and non-current interest-bearing financial liabilities	18
23. Current and non-current lease liabilities	18
24. Current and non-current trade and other payables	19
25. Current and non-current employee benefit liabilities	19
26. Provisions	19
27. Deferred tax liabilities	19
28. Current tax liabilities	19
29. Subsequent events	19
30. Seasonality of the interim business activity	20
31. Contingent receivables and liabilities and important future assumptions	20
32. Risk factors	20
33. Shareholders' structure	20
34. Related parties	22
35. Alternative performance measures (APM's)	22
Financial calendar	24
Outlook 2023	24
About smartphoto group	25

Management responsibility statement

Mr Stef De corte, Chief Executive Officer, declares, in the name of and on behalf of smartphoto group, that, to the best of his knowledge:

- the half-yearly consolidated financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, the liabilities, the financial situation and the results of smartphoto group NV and the companies included in the consolidation;
- the interim half-yearly report gives a true and fair view of the development, the results of the first half of 2023, their impact on the abridged half-yearly consolidated financial statements, and the information that has to be communicated of smartphoto group NV and the companies included in the consolidation, as well as a description of the risks and uncertainties they face with regard to the remaining months of the financial year.

HALF-YEARLY RESULTS 2023

smartphoto group realises further profitable growth

- Revenue over the first 6 months of 2023 increased by 2.5%, and evolved from 29 304K euro last year to 30 031K euro as at 30 June 2023. Both segments, smartphoto and naYan, contributed to this.
- The net profit over the first half of 2023 increased by 32.4% to 1 291K euro, compared to 975K euro a year earlier.
- Despite difficult market conditions, EBITDA increased from 3 238K euro over the first half of 2022 to 3 273K euro per 30 June 2023 (+1.1%) due to, among others, price adjustments, and this notwithstanding higher material, personnel and transport costs.
- Positive evolution of net cash on an annual basis from 2 076K euro* per 30 June 2022 to 4 586K euro per 30 June 2023, and this despite the dividend payment over 2022, the additional share buy-back and further investments.
- Despite the uncertain general economic outlook, smartphoto group expects further year-on-year growth in revenue and EBITDA.

Key figures

Unaudited figures, prepared in accordance with IFRS

(in K euro)	June 2022	June 2023	Δ in %
Revenue	29 304	30 031	2.5%
Profit/loss (-) from operating activities (EBIT)	1 376	1 345	-2.3%
Depreciation, amortisation, write-downs, impairment and provisions from operating activities	1 861	1 928	3.6%
Profit/loss (-) from operating activities, corrected for depreciation, amortisation, write-downs, impairment and provisions (EBITDA)	3 238	3 273	1.1%
Financial result	-385	-53	86.3%
Profit/loss (-) before taxes (EBT)	991	1 292	30.4%
Income taxes expense (-)/income	-16	-1	94.1%
Profit/loss (-) for the period	975	1 291	32.4%

(in K euro)	June 2022*	Dec 2022	June 2023	Δ in % June 2022 - June 2023	Δ in % Dec 2022 - June 2023
Total assets	68 839	82 886	66 849	-2.9%	-19.3%
Gross financial debt (-)	-6 035	-5 736	-5 519	8.6%	3.8%
Net financial debt (-)/Net cash	2 076	18 407	4 586	120.9%	-75.1%
Total equity	45 733	48 627	44 943	-1.7%	-7.6%
Solvency ratio	66.4%	58.7%	67.2%	1.2%	14.6%
Current ratio	129.6%	127.8%	123.6%	-4.6%	-3.3%

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

About the first half-year

Explanatory notes

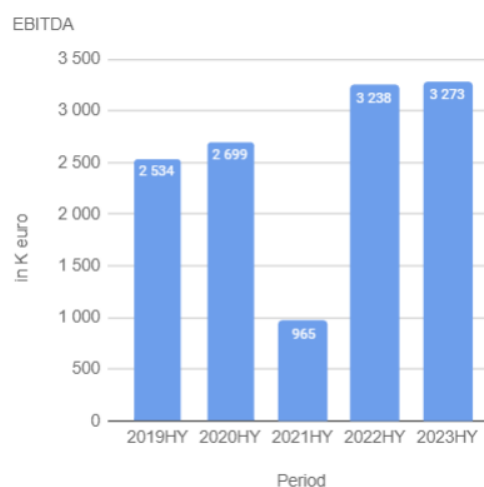
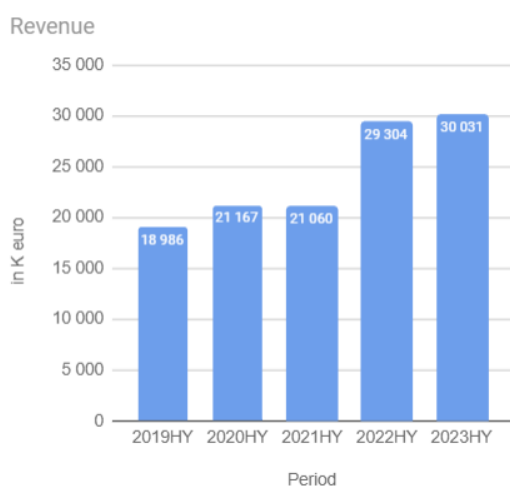
Over the first 6 months of 2023, revenue of smartphoto group, the innovative e-commerce group from Wetteren, amounts to 30 031K euro, compared to 29 304K euro over the first 6 months of previous year, or an increase of 2.5%. Both segments, smartphoto and naYan, contributed to this increase in revenue of 727K euro.

In the first half of the year, the product range of personalised products and gifts within the smartphoto segment was further expanded. Among others in the category of 'Embroidered products', in addition to a towel set, it is now possible to find a bath poncho, a backpack, a toiletry bag, a baseball cap or a fishing hat; personalisable with name or text. Attention was paid to sustainability when choosing these new products; for example, the backpack and toiletry bag are made from recycled PET bottles.

The expansion of products will continue in the second half of the year. In the month of July the product category 'Name labels & stickers' was added, where name labels, name stickers, name stamps or name plates can be personalised with a name, symbol, text and/or photo in order to identify items recognisably.

Within the naYan segment, revenue from the existing customer portfolio experienced a positive evolution. In the first half of the year, a number of new customers were attracted to its 'E-commerce as a Service' (EaaS) business.

Despite difficult market conditions, the traditionally lower volumes in the first half of the year compared to the second half, combined with higher material, personnel and transport costs, smartphoto group realised an increase in EBITDA from 3 238K euro over the first half of 2022 to 3 273K euro per 30 June 2023, or an increase of 1.1%. Among others, price adjustments contributed to the increase in profitability.



On 14 June 2023, smartphoto was rewarded for the second year in a row by the evaluation committee of the VOKA Charter Sustainable Business (VCDO) with the award of the [Sustainability Certificate Laureate 2023](#) for the translation of its sustainability strategy into concrete actions; a recognition of the sustainability efforts made in the past year. With the implementation of the Annual Action Plan, drawn up for 2023, smartphoto group is committed to achieving a third VCDO certificate.

More information on smartphoto group's sustainability policy can be found on our corporate website www.smartphotogroup.com, under the ESG section.

Abridged financial statements for the period ending 30 June 2023

STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

	(in K euro)	Note	June 2022	June 2023
Revenue		3	29 304	30 031
Other operating income			713	470
Changes in inventory of finished goods and work in progress				-8
Capitalisation of internally generated intangible assets		4	482	678
Trade goods, raw materials and consumables		5	-8 841	-8 239
Employee benefits		6	-8 457	-9 168
Depreciation, amortisation, write-downs and impairment		7	-1 863	-1 929
Other operating expenses		8	-9 962	-10 490
Profit/loss (-) from operating activities			1 376	1 345
Financial income			76	158
Financial expenses			-461	-211
Financial result		9	-385	-53
Profit/loss (-) before taxes			991	1 292
Income taxes expense (-)/ income		10	-16	-1
Profit/loss (-) for the period			975	1 291
Profit/loss (-) for the period attributable to equity holders of the parent company		11	975	1 291
	(in euro)	Note	June 2022	June 2023
Profit/loss (-) for the period per share in euro			0.247	0.328
Profit/loss (-) for the period per share based on the weighted average number of shares with dividend rights in euro ⁽¹⁾			0.261	0.357

⁽¹⁾ The weighted average number of treasury shares purchased during the first half year of 2022 amounts to 16 469. The calculation is as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 181. The total weighted average number of shares entitled to dividend amounts to 3 735 453.

The weighted average number of treasury shares purchased during the first half year of 2023 amounts to 22 279. The calculation is as follows: the total number of outstanding days is multiplied by the number of treasury shares purchased, and divided by 181. The total weighted average number of shares entitled to dividend amounts to 3 619 461.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD

	(in K euro)	Note	June 2022	June 2023
Profit/loss (-) for the period			975	1 291
<u>Other comprehensive income:</u>				
Items which possibly will be reclassified to profit or loss				
Translation differences			60	-93
Taxes on translation differences			-2	-2
Total of items which possibly will be reclassified to profit or loss			58	-95
Other comprehensive income, net of taxes		11	58	-95
Total of profit or loss and other comprehensive income			1 033	1 196
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company			1 033	1 196

STATEMENT OF FINANCIAL POSITION AS AT THE END OF THE PERIOD

ASSETS	(in K euro)	Note	Dec 2022	June 2023
<u>Non-current assets</u>				
Property, plant and equipment		12	16 789	16 659
Right-of-use assets		13	3 350	3 358
Goodwill		14	17 220	17 220
Intangible assets		15	3 194	3 353
Trade and other receivables		18	96	88
Deferred tax assets		16	7 995	7 956
Total non-current assets			48 643	48 635
<u>Current assets</u>				
Inventories		17	3 956	3 526
Trade and other receivables		18	6 052	3 983
Other financial assets			3	3
Cash and cash equivalents		19	24 143	10 105
Current tax assets		20	88	596
Total current assets			34 243	18 214
TOTAL ASSETS			82 886	66 849

EQUITY AND LIABILITIES	(in K euro)	Note	Dec 2022	June 2023
<u>Total equity</u>				
Capital			41 381	41 381
Reserves and retained earnings/accumulated loss (-)			4 684	2 366
Revaluation surplus			6 956	6 956
Treasury shares (-)			-6 663	-7 933
Currency translation adjustments			2 268	2 173
Shareholder's equity			48 627	44 943
Total equity		21	48 627	44 943
<u>Non-current liabilities</u>				
Interest-bearing financial liabilities		22	1 888	1 649
Lease liabilities		23	2 690	2 655
Employee benefit liabilities		25	594	596
Provisions		26	118	93
Deferred tax liabilities		27	2 183	2 180
Total non-current liabilities			7 473	7 172
<u>Current liabilities</u>				
Interest-bearing financial liabilities		22	476	477
Lease liabilities		23	682	738
Trade and other payables		24	22 208	10 730
Employee benefit liabilities		25	3 099	2 735
Current tax liabilities		28	322	54
Total current liabilities			26 786	14 734
TOTAL EQUITY AND LIABILITIES			82 886	66 849

STATEMENT OF CASH FLOWS FOR THE PERIOD

	(in K euro)	June 2022*	June 2023
Operating activities			
Net result		975	1 291
Depreciation, write-downs, impairment of property, plant and equipment		824	849
Depreciation, write-downs, impairment of right-of-use assets		344	388
Depreciation, amortisation, write-offs, impairment of intangible assets		604	659
Write-downs, impairment on current and non-current assets		91	34
Provisions		-2	-1
Net interest income (-)/expense		93	75
Loss/gain (-) on sale of property, plant and equipment		-29	
Income tax expenses		16	1
<i>Operating cash flow before changes in working capital and provisions</i>		<i>2 916</i>	<i>3 295</i>
Decrease/increase (-) in trade and other receivables and current income tax assets		3 447	1 470
Decrease/increase (-) in inventories		438	430
Increase/decrease (-) in trade and other payables		-12 426	-11 785
<i>Increase/decrease (-) in working capital and provisions</i>		<i>-8 542</i>	<i>-9 885</i>
<i>Operating cash flow after changes in working capital and provisions</i>		<i>-5 626</i>	<i>-6 590</i>
Interest paid (-)		-47	-39
Interest paid (-) on lease liabilities		-15	-34
Income tax paid (-)		-185	-300
Cash flow from operating activities		-5 873	-6 963
Investing activities			
Proceeds from sale of property, plant and equipment		48	
Acquisition of property, plant and equipment		-486	-719
Acquisition of other intangible assets		-725	-818
Cash flow from investing activities		-1 162	-1 537
Financing activities			
Acquisition of treasury shares		-1 819	-1 270
Repayment of financial liabilities		-236	-237
Repayment of financial lease liabilities		-343	-375
Dividends paid		-2 421	-3 609
Cash flow from financing activities		-4 819	-5 492
<i>Increase/decrease (-) in cash and cash equivalents</i>		<i>-11 854</i>	<i>-13 991</i>
Effect of exchange rate fluctuations		-29	-47
<i>Net increase/decrease (-) in cash and cash equivalents</i>		<i>-11 882</i>	<i>-14 038</i>
Cash and cash equivalents at the beginning of the year		19 994	24 143
Cash and cash equivalents at the end of the period		8 111	10 105
Total cash and cash equivalents		8 111	10 105

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD

	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
(in K euro)						
Balance as at 31.12.2021	41 381	1 615	6 956	-3 379	2 366	48 939
Profit/loss (-) for the period		975				975
Other comprehensive income:						
Items which possibly will be reclassified to profit or loss						
Translation differences					60	60
Taxes on translation differences					-2	-2
Total of items which possibly will be reclassified to profit or loss					58	58
Other comprehensive income, net of taxes					58	58
Total of profit or loss and other comprehensive income		975			58	1 033
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		975			58	1 033
Dividend distributed to shareholders		-2 421				-2 421
Transactions relating to treasury shares				-1 819		-1 819
Balance as at 30.06.2022	41 381	169	6 956	-5 198	2 424	45 733

	Capital	Reserves and retained earnings/ accumulated loss (-)	Revaluation surplus	Treasury shares (-)	Currency translation adjustments	Shareholder's equity
(in K euro)						
Balance as at 31.12.2022	41 381	4 684	6 956	-6 663	2 268	48 627
Profit/loss (-) for the period		1 291				1 291
Other comprehensive income:						
Items which possibly will be reclassified to profit or loss						
Translation differences					-93	-93
Taxes on translation differences					-2	-2
Total of items which possibly will be reclassified to profit or loss					-95	-95
Other comprehensive income, net of taxes					-95	-95
Total of profit or loss and other comprehensive income		1 291			-95	1 196
Total of profit or loss and other comprehensive income for the period attributable to equity holders of the parent company		1 291			-95	1 196
Dividend distributed to shareholders		-3 609				-3 609
Transactions relating to treasury shares				-1 270		-1 270
Balance as at 30.06.2023	41 381	2 366	6 956	-7 933	2 173	44 943

Basis for the preparation of the half-yearly consolidated financial statements

STATEMENT OF COMPLIANCE

The half-yearly consolidated financial statements as at 30 June 2023 were prepared in accordance with IAS 34 "Interim financial reporting", approved by the European Union. They do not contain all information necessary for the full financial statements and should therefore be read together with the consolidated financial statements for the financial year ended 31 December 2022, as published in the 2022 Annual Report.

The half-yearly consolidated financial statements were released for publication by the Board of Directors on 18 August 2023.

CHANGES TO THE ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The accounting policies and basis of presentation applied for the preparation of the half-yearly consolidated financial statements are identical to those applied for the financial year ended 31 December 2022, as included in the 2022 Annual Report, with exception of the new standards and interpretations mentioned below, applicable on or after 1 January 2023:

Amendments to IFRS 17: Insurance contracts: First application of IFRS 17 and IFRS 9 - Comparative information: applicable for annual periods beginning on or after 1 January 2023.

IFRS 17: Insurance contracts, including amendments to IFRS 17: applicable for annual periods beginning on or after 1 January 2023.

Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies: applicable for annual periods beginning on or after 1 January 2023.

Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates: applicable for annual periods beginning on or after 1 January 2023.

Amendments to IAS 12: Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction: applicable for annual periods beginning on or after 1 January 2023.

Smartphoto group NV applied all those published new and revised standards and interpretations that are relevant to its activities and which are in force for the accounting period that started on 1 January 2023, as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

The application of those new Standards, Interpretations and Changes has not resulted in any important changes to the group's principles for financial reporting.

The group did not carry out an early application of the new standards and changes to existing standards and interpretations that were not yet endorsed by the European Union:

Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants: applicable for annual periods beginning on or after 1 January 2024.

Amendments to IAS 7: Statement of cash flows and IFRS 7 Financial instruments: Disclosures: Suppliers Finance Arrangements: applicable for annual periods beginning on or after 1 January 2024.

Amendments to IAS 12: Income taxes: International tax reform - Pillar Two Model Rules: applicable for annual periods beginning on or after 1 January 2023.

Amendments to IFRS 16: Leases: Lease Liability in a Sale and Leaseback: applicable for annual periods beginning on or after 1 January 2024.

CHANGES IN THE CONSOLIDATION SCOPE

The consolidation scope remained unchanged in the first half of 2023.

Notes to the half-yearly consolidated financial statements

1. Business combinations

The acquisition of naYan NV and its subsidiary Frucon International Inc. was, in accordance with IFRS 3 - Business Combinations, recognised in the consolidated figures as from the acquisition date on 2 December 2021. This business combination was hereby reported on the basis of provisional amounts. During the measurement period, the provisional amounts recognised at the acquisition date were retrospectively adjusted to reflect new information obtained about facts and circumstances existing at the acquisition date.

For further information, see note 1 - Business combinations in the 2022 Annual Report.

2. Operating segments

Taking into account the requirements of IFRS 8, as from the acquisition of naYan NV, the group's activities are reported under two operating segments: the smartphoto segment and the naYan segment.

The valuation of the result of the segments is handled in the same way as the valuation of the result of the entity. This also applies to the valuation of the assets and liabilities. The accounting policy for transactions between reporting segments has been determined at arm's length.

There is no dependency of important customers regarding the different operating segments.

Segment report 30 June 2022

	(in K euro)	smartphoto	naYan	Not assigned	Intersegment	Consolidated
External revenue		22 851	6 453			29 304
Intersegment revenue		184	14			
Total revenue		23 036	6 467		-199	29 304
Net interest income (-)/expense		73				73
Profit/loss (-) before taxes		418	697	-124		991
Assets*		45 115	12 199	11 639	-113	68 839
Liabilities*		6 941	11 505	4 774	-113	23 106
Total investments in property, plant and equipment		479	6			486
Total investments in intangible assets		725				725
Total investments in right-of-use assets		671	2 135			2 806
Additions to the non-current part of trade and other receivables		10	-155			-145
Depreciation and amortisation		1 673	99			1 772
Non-cash items other than depreciation and amortisation		90				90
Number of full-time equivalent employees as at the end of the period		236	55			291

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

Segment report 30 June 2023

	(in K euro)	smartphoto	naYan	Not assigned	Intersegment	Consolidated
External revenue		23 024	7 007			30 031
Intersegment revenue		231	4			
Total revenue		23 255	7 010		-234	30 031
Net interest income (-)/expense		105	-30			75
Profit/loss (-) before taxes		886	680	-274		1 292
Assets		51 159	11 774	8 747	-4 831	66 849
Liabilities		11 638	7 216	3 233	-181	21 906
Total investments in property, plant and equipment		715	4			719
Total investments in intangible assets		683	134			818
Total investments in right-of-use assets		400	6			406
Additions to the non-current part of trade and other receivables		-22	14			-7
Depreciation and amortisation		1 700	195			1 895
Non-cash items other than depreciation and amortisation		23	10			33
Number of full-time equivalent employees as at the end of the period		229	69			298

Both segments are centrally structured under smartphoto group NV and are centrally managed on operational level by the 'Chief Operating Decision Maker', i.e. Stef De corte, CEO. He is the most senior officer and assesses the results from operating activities and makes important operational decisions, in order to make decisions about the resources to be awarded to the segments and to evaluate the financial performance of the segments. Therefore, there is no financial information available for the 'Chief Operating Decision Maker' at a lower level than the operating segments smartphoto and naYan.

smartphoto segment

This segment comprises the operational activities of the legal entities smartphoto group NV, smartphoto AG, smartphoto Nordic AB, smartphoto Nederland BV, DBM-Color NV, Filmobel NV, Promo Concept Investment BV and Aultmore NV. The operational activities of this segment mainly consist of B2C (Business to Consumer) e-commerce activities of personalised products.

naYan segment

This segment comprises the legal entities naYan NV and its 100% subsidiary Frucon International Inc. The operational activities of this segment mainly consist of B2B (Business to Business) e-commerce distribution by offering 'E-commerce as a Service' (EaaS) for brands looking for growth or online support.

A description of the nature of the products and services, the production process, the main challenges and the ultimate clients of these operating segments can be found in the 2022 Annual Report.

For information about products and services regarding revenue from sales to external customers and information about geographic areas, we refer to the 2022 Annual Report.

IFRS 8.34 regarding information about major customers is not applicable.

3. Revenue

Revenue over the first 6 months of 2023 increased by 2.5%, with figures evolving from 29 304K euro last year to 30 031K euro as at 30 June 2023. Both segments, smartphoto and naYan, contributed to this increase of revenue with 727K euro.

4. Capitalisation of internally generated intangible assets

The capitalisation of internally generated intangible assets amounts to 678K euro for the first half of 2023, compared to 482K euro for the first half of 2022.

For the first 6 months of 2023, these internally generated intangible assets mainly relate to investments concerning our mobile applications, such as the further migration of our web platform to 'mobile first' and the cloud, the modernisation of underlying management tools via web applications and the transformation of our websites in terms of UX to a shop-in-shop concept - including the underlying databases and structures - such as 'Article Management'.

These expenditures meet the recognition criteria for capitalisation pursuant to IAS 38.57.

5. Trade goods, raw materials and consumables

The cost of trade goods, raw materials and consumables for the first half of 2023 decreased by 6.8%, compared to the first half of 2022.

6. Employee benefits

Employee benefits for the first 6 months of 2023 have increased by 8.4% compared to the first 6 months of 2022. This increase is the result of both an increase in the number of employees and an increase in the general salary cost.

The total number of employees - expressed in full-time equivalents - evolved from 291 on 30 June 2022 to 298 on 30 June 2023.

7. Depreciation, amortisation, write-downs and impairment

The depreciation, amortisation, write-downs and impairment from operating activities amounted to 1 929K euro in the first half of 2023, compared to 1 863K euro in the first half of 2022. This increase of 66K euro is due to the higher investments in recent years, mainly in intangible assets.

8. Other operating expenses

The other operating expenses amount to 10 490K euro as of 30 June 2023, compared to 9 962K euro as of 30 June 2022 (+5.3%), or an increase of 527K euro.

9. Financial result

The financial result increased by 333K euro from -385K euro as at 30 June 2022 to -53K euro as at 30 June 2023. This increase is mainly due to the positive impact of foreign exchange gains/losses of 329K euro and the decrease in financial costs resulting from interest-bearing financial liabilities and lease liabilities of 7K euro.

The following exchange rates were used in preparing the 2023 half-year results:

Currency	Closing rate		Average rate	
	June 2022	June 2023	June 2022	June 2023
Swiss franc	0.9960	0.9788	1.0246	0.9883
Norwegian krone	10.3485	11.7040	9.9776	11.4622
Swedish krona	10.7300	11.8055	10.4938	11.4152
American dollar	1.0387	1.0866	1.0849	1.0810
Danish krone	7.4392	7.4474	7.4401	7.4468
Pound sterling	0.8582	0.8583	0.8436	0.8733
Hungarian forint	397.0400	371.9300	378.1050	377.4417
Polish zloty	4.6904	4.4388	4.6458	4.6081
Czech koruna	24.7390	23.7420	24.6337	23.6277

10. Income taxes expense (-)/income

The amount of income taxes expense (-)/income evolved from -16K euro for the first 6 months of 2022 to -1K euro as of 30 June 2023.

The decrease of the income taxes expense by 15K euro consists mainly of a net decrease in deferred taxes.

There were no changes in the applicable tax rates compared to the previous reporting period except for the Netherlands, where the applicable tax rates have changed, compared to the previous reporting period. The corporate income tax rate for the part of the taxable amount up to and including 395K euro is 19.0% in 2023. For the part of the taxable amount above 395K euro, the rate remained 25.8%.

11. Other comprehensive income/loss (-)

As at 30 June 2023, the net profit amounts to 1 291K euro, compared to a net profit of 975K euro as at 30 June 2022.

This positive evolution of the result by 316K euro over the first 6 months of 2023, compared to a year earlier, is mainly explained by:

- o a stable result from operating activities (-31K euro);
- o a positive evolution of the financial result (+333K euro); and,
- o a positive impact of the income taxes expense (-)/income (+15K euro).

The other comprehensive income/loss (-) after tax amounts to -95K euro as at 30 June 2023, and relates to translation differences.

The profit or loss and other comprehensive income/loss (-) amount to 1 196K euro as at 30 June 2023, compared to 1 033K euro as at 30 June 2022, or an increase of 163K euro.

12. Property, plant and equipment

The carrying amount of property, plant and equipment as at 30 June 2023 is 16 659K euro, and has decreased by 130K euro, compared to 31 December 2022. This decrease is mainly due to, on the one hand, investments in property, plant and equipment for 719K euro. These mainly relate to investments in production machines and investments for renovations and furnishing of the dining area, multipurpose room and office spaces. On the other hand, the depreciation amounted to 849K euro over the first 6 months of 2023.

13. Right-of-use assets

The carrying amount of the right-of-use assets amounts to 3 358K euro as at 30 June 2023. This is an increase of 8K euro, compared to the carrying amount as at 31 December 2022 of 3 350K euro. The investments amount to 406K euro and mainly relate to vehicles. The depreciation amounts to 388K euro over the first half of 2023. Furthermore, there was also a negative impact from sales and disposals of 10K euro.

14. Goodwill

In accordance with IAS 36.12, the company performed impairment tests as at 30 June 2023 concerning the identified cash-generating units smartphoto and naYan, to determine whether they had suffered any impairment loss. These impairment tests showed that the recoverable amount of these units exceeds their carrying amount.

Consequently, no impairment losses should be recognised.

The cash-generating units smartphoto and naYan represent the total carrying amount of the goodwill. The cash-generating unit smartphoto includes all activities aimed at the end consumer and independent photographers concerning affordable personalised high-quality products, such as photo books, personalised gifts, cards, calendars, wall decoration and prints. The cash-generating unit naYan includes the B2B activities of e-commerce distribution by offering a unique 'E-commerce as a Service' (EaaS) for international brands looking for growth, and the sale of personalised gift packages to companies.

smartphoto

The recoverable amount of the cash-generating unit smartphoto is higher than the carrying amount of all the operating assets and liabilities of this cash-generating unit, increased with the goodwill. The carrying amount of goodwill that is attributed to this unit amounts to 16 151K euro as at 30 June 2023. The recoverable amount is calculated based on the value in use, which is the sum of the discounted free cash flows.

As at 30 June 2023, the projections were discounted at 9.17% before tax for the next 5 years. As at 31 December 2022, the discount rate was 8.75%. This discount rate reflects: a market-based remuneration for equity and debt, the current balance between equity and debt for this cash-generating unit, and the estimation of additional risks and volatility for the possible evolutions in the market in which this unit operates.

naYan

The recoverable amount of the cash-generating unit naYan is higher than the carrying amount of all the operating assets and liabilities of this cash-generating unit, increased with the goodwill. The carrying amount of the goodwill that is attributed to this unit amounts to 1 069K euro as at 30 June 2023. The recoverable amount is calculated based on the value in use, which is the sum of the discounted free cash flows.

As at 30 June 2023, the projections were discounted at 6.30% before tax for the next 5 years. As at 31 December 2022, the discount rate was 6.65%. This discount rate reflects: a market-based remuneration for equity and debt, the current balance between equity and debt for this cash-generating unit, and the estimation of additional risks and volatility for the possible evolutions in the market in which this unit operates.

The impairment tests were also subject to a sensitivity analysis in which the EBIT would be 10% lower each year or in which the discount rate would increase by 1%. This resulted in the recoverable amount still exceeding the carrying amount in both analyses.

More information about the determination of the projections and growth percentages, can be found in the 2022 Annual Report on pages 126 up to and including 128.

15. Intangible assets

The carrying amount of intangible assets amounts to 3 353K euro as at 30 June 2023, and has increased by 159K euro, compared to 31 December 2022. This increase is due to investments of 818K euro on the one hand - of which 678K euro was generated internally - and on the other hand amortisation over the first 6 months of 2023 of 659K euro.

The investments relate to the internally generated intangible assets relating to our mobile applications on the one hand, such as the migration of our web platform to 'mobile first' and the cloud, the modernisation of underlying management tools via web applications, the transformation of our websites in terms of UX to a shop-in-shop concept - including the underlying databases and structures - such as 'Article Management'. These expenditures meet the recognition criteria for capitalisation under IAS 38.57. On the other hand, an amount of 134K euro was invested in accounting software.

More information regarding the internally generated intangible assets can be found in the 2022 Annual Report in note 6 - Capitalisation of internally generated intangible assets, and note 18 - Intangible assets.

16. Deferred tax assets

The deferred tax assets remained stable in the first half of 2023, amounting to 7 956K euro as at 30 June 2023, compared to 7 995K euro as at 31 December 2022.

17. Inventories

Compared to 31 December 2022, the heading 'Inventories' has decreased slightly by 430K euro to 3 526K euro. Compared to the inventory level as at 30 June 2022, which amounted to 3 593K euro, there is a limited decrease of 66K euro.

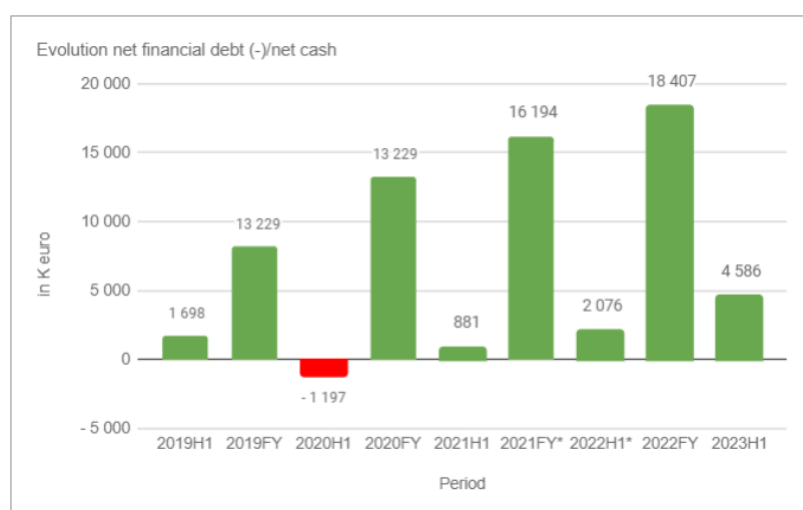
No inventories were provided as security for liabilities.

18. Trade and other receivables

The non-current trade and other receivables decreased by 7K euro in the first half of 2023, and amount to 88K euro. The current trade and other receivables decreased by 2 069K euro. This decrease from 6 052K euro as at 31 December 2022 to 3 983K euro as at 30 June 2023 is mainly due to the seasonal nature of the business. Revenue is peaking in the last weeks of the year; in particular the period around Christmas, resulting in a higher amount of unmatured outstanding trade receivables at year end.

19. Cash and cash equivalents

Cash and cash equivalents amount to 10 105K euro as at 30 June 2023, a decrease of 14 038K euro, compared to 31 December 2022. In comparison to 30 June 2022, cash and cash equivalents increased by 1 994K euro*.



Net cash also increased on an annual basis from 2 076K euro* as at 30 June 2022 to 4 586K euro as at 30 June 2023, i.e. an increase of 2 511K euro. This positive evolution is the result of, on the one hand the realised free cash flow from smartphoto's regular activities, and on the other hand the dividend payment over 2022, the additional purchase of treasury shares over the period from 1 July 2022 to 30 June 2023, and the further investments in growth.

Compared to 31 December 2022 (cash surplus of 18 407K euro), net cash decreased by 13 821K euro in the first 6 months of 2023.

This decrease is due to the seasonal effect, with sales traditionally characterised by a seasonal peak in the last quarter of the year, which applies to both the smartphoto and the naYan business.

Please also see the statement of cash flows on page 8 of this report.

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

20. Current tax assets

This heading mainly refers to income tax assets in certain entities of the consolidation scope, and should be considered together with the current tax liabilities, included in the heading 'Equity and liabilities'. Current tax assets amount to 596K euro as at 30 June 2023, compared to 212K euro a year earlier.

21. Total equity

Please also see the statement of changes in equity on page 9 of this report.

Compared to the end of 2022, total equity decreased by 3 684K euro from 48 627K euro as at 31 December 2022 to 44 943K euro as at 30 June 2023.

- (1) As at 30 June 2023, the capital amounts to 41 381K euro, and is represented by 3 941 950 shares. Both the capital and the number of shares remained unchanged for the first 6 months of 2023.
- (2) The change in reserves and retained earnings/accumulated losses (-) (-2 318K euro) includes the profit/loss (-) for the first 6 months of 2023 for an amount of 1 291K euro and the payment of the dividend over 2022 (-3 609K euro).
- (3) The treasury shares increased from -6 663K euro to -7 933K euro. In the period from 1 January 2023 to 30 June 2023, 43 044 treasury shares were additionally purchased for an amount of 1 270K euro, as a result of the share buy-back programmes with which smartphoto aims to create a pool of treasury shares as an investment, as well as to finance possible future acquisitions.

On 3 March 2023, a new share buy-back programme was initiated with starting date 6 March 2023. This buy-back programme has a maximum value of 1 500K euro in treasury shares and ends on 31 December 2023, or earlier, when the target value of treasury shares is acquired.

As at 30 June 2023, smartphoto group NV holds 343 254 treasury shares, or 8.7% of the total number of shares issued (3 941 950).

Please also see note 33 of this report.

- (4) The changes in translation reserves result from the euro conversion of equity against the exchange rate on the closing date of 30 June 2023. The effect on other comprehensive income amounts to -95K euro.

22. Current and non-current interest-bearing financial liabilities

The interest-bearing financial liabilities amount to 2 126K euro as at 30 June 2023, compared to 2 363K euro as at 31 December 2022.

In the first half of 2023, an amount of 237K euro was repaid with respect to the loans as part of the acquisition of Aultmore NV, following the purchase of the additional production building.

The interest-bearing financial liabilities will be further repaid, as mentioned on page 134 of the 2022 Annual Report.

No new interest-bearing financial liabilities were entered into in the first half of 2023.

23. Current and non-current lease liabilities

The current and non-current lease liabilities amount to 3 393K euro as at 30 June 2023, compared to 3 372K euro as at 31 December 2022. This net increase of 21K euro is the result, on the one hand, of the repayment of current lease liabilities and, on the other, of entering into new lease agreements concerning vehicles.

More information regarding lease liabilities can be found in the 2022 Annual Report under note 28 - Current and non-current lease liabilities.

24. Current and non-current trade and other payables

The decrease in trade and other payables of 11 479K euro from 22 208K euro as at 31 December 2022 to 10 730K euro as at 30 June 2023, is mainly due to the seasonal nature of the business. As revenue is peaking in the last weeks of the year, especially the period around Christmas, the purchases of raw materials and consumables are also mainly concentrated in the last quarter. This results in a higher amount of unexpired outstanding trade payables.

25. Current and non-current employee benefit liabilities

The non-current employee benefit liabilities concern the post-employment benefits of the consolidated companies and amount to 596K euro as at 30 June 2023, compared to 594K euro as at 31 December 2022. The limited increase in these liabilities of 1K euro is mainly explained by translation differences.

The current employee benefit liabilities amount to 2 735K euro as at 30 June 2023, against 3 099K euro as at 31 December 2022. Current employee benefit liabilities mainly include salaries and wages payable, as well as the corresponding social security contributions, payroll withholding taxes and provisions for holiday pay.

26. Provisions

The provisions amount to 93K euro as at 30 June 2023, compared to 118K euro as at 31 December 2022.

These provisions mainly include provisions relating to the pending VAT regularisations concerning naYan NV with respect to the period prior to the acquisition date.

27. Deferred tax liabilities

The deferred tax liabilities amount to 2 180K euro as at 30 June 2023, compared to 2 183K euro as at 31 December 2022. The increase of 3K euro is mainly due to movements regarding taxable temporary differences on property, plant and equipment and intangible assets.

More information on the deferred tax liabilities can be found in the 2022 Annual Report under note 32 - Deferred tax liabilities.

28. Current tax liabilities

As at 30 June 2023, current tax liabilities amount to 54K euro, compared to 322K euro as at 31 December 2022, a decrease of 268K euro.

29. Subsequent events

No significant events have occurred after 30 June 2023 that could have an impact on the underlying half-yearly financial statements or that require disclosure.

30. Seasonality of interim business activities

The activities of the smartphoto group are subject to seasonality. Traditionally, revenue in the first half of the year is low compared to the second half. The revenue realised in the first half of the year amounts, rounded, to only one third of the total operating income on an annual basis.

Consequently, the interim results as at 30 June 2023 are not necessarily indicative of expectations for the entire financial year 2023.

31. Contingent receivables and liabilities and important future assumptions

Compared to December 2022 there are no changes in the contingent assets and liabilities.

Assumptions concerning the future

The assumptions concerning the future, as described in the 2022 Annual Report, still apply.

32. Risk factors

The risks, in particular credit risks, liquidity risks, exchange rate risks, interest rate risks and market risks, as described in the 2022 Annual Report, continue to apply for the remaining period of the financial year 2023.

Impact of the Ukraine crisis

The developments regarding the energy and Ukraine crisis, as well as the impact of possible further inflation, are closely monitored, enabling smartphoto group to take the necessary measures in due time.

33. Shareholders' structure

The law and smartphoto group NV's Articles of Association require each shareholder, whose voting rights, associated with the securities that grant voting rights, exceed or fall below the thresholds of 3%, 5% or any multiple of 5%, to notify this fact to the Company and the FSMA, the Belgian Financial Services and Markets Authority.

Transparency notification

The Company issued the following notification in the first half of 2023:

Notification received on 29 June 2023

The companies Midelco NV, Cekan Invest NV and Isarick NV, as well as Mr Philippe Vlerick, Doorniksewijk 49, B - 8500 Kortrijk, have informed the Financial Services and Markets Authority (FSMA) and smartphoto group NV that the aggregate percentage of the number of acquired voting securities or voting rights on 20 June 2023 has exceeded the 20% threshold through the acquisition of 30 000 shares by Cekan Invest NV. The total number of voting rights held by the persons acting in concert following this transaction is 789 970 or 20.04%.

Notification by persons acting in concert.

Holders of voting rights	Previous notification Number of voting rights	After the transaction Number of voting rights	% voting rights
STAK Professor Vlerick	0	0	
Cecan Invest NV	217 364	269 864	
Subtotal	217 364	269 864	
Philippe Vlerick	3 607	3 607	
Midelco NV	467 555	503 830	
Subtotal	471 162	507 437	
Isabelle Vlerick	0	0	
Isarick NV	12 669	12 669	
Subtotal	12 669	12 669	
TOTAL	701 195	789 970	20.04%

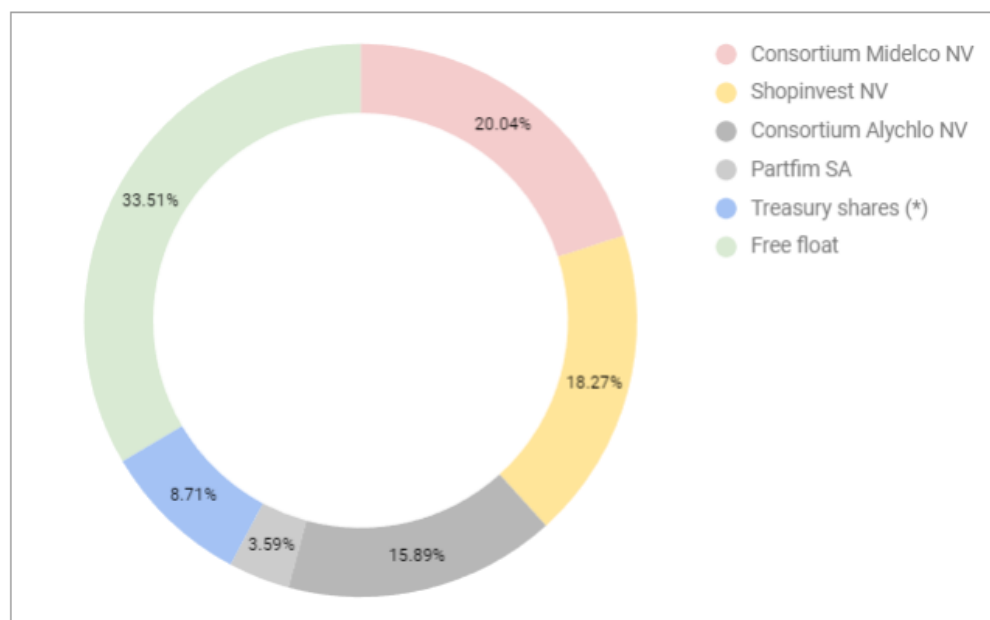
Total number of voting rights (the denominator) at the time of the transaction, i.e. 20 June 2023: 3 941 950.

Chain of controlled undertakings through which the holding is effectively held:

The shares are held directly by the companies Midelco NV, Cecan Invest NV, Isarick NV, and by Mr Philippe Vlerick. Cecan Invest NV is a direct subsidiary of Cecan NV whose majority shareholder is STAK Professor Vlerick. Midelco NV is controlled by Philippe Vlerick. Isarick NV is a direct subsidiary of Ispahan NV, which is controlled by Isabelle Vlerick.

[Shareholders' structure as at 30 June 2023^{\(1\) \(2\)}](#)

Shareholders with a percentage $\geq 3\%$ of the total number of shares



(*) Number of treasury shares as at 30 June 2023

(1) % of shares held of the total number of issued shares in accordance with the latest notification.

(2) Current % of shares held of the current total number of issued shares, being 3 941 950 shares.

Treasury shares

The number of treasury shares evolved from 300 210 shares as at 31 December 2022 to 343 254 shares as at 30 June 2023. This increase of 43 044 treasury shares is the result of the purchase of treasury shares related to the share buy-back programme with starting date 6 March 2023, whereby a discretionary mandate was granted to KBC Securities, which is authorised to purchase smartphoto group shares both by trading on Euronext Brussels and outside the regulated market during open periods. Block trades are also possible within this mandate. This share buy-back programme runs until 31 December 2023 or until an amount of 1 500K euro is reached.

As at 30 June 2023, smartphoto group NV holds 343 254 treasury shares, or 8.7% of the total number of issued shares (3 941 950).

In accordance with IFRS, treasury shares are deducted from equity.

34. Related parties

Except for transactions between consolidated companies, which are eliminated through the consolidation, and the fees paid to managers with a key position (described in the 2022 Remuneration Report, included in the 2022 Annual Report), the transactions and outstanding balances of other related parties are negligible.

35. Alternative performance measures (APMs)

The measures listed below are used systematically in our financial reporting, but are not defined in any law or the generally accepted accounting principles (GAAP). These measures are considered Alternative Performance Measures (APMs), as described by the European Securities and Markets Authority (ESMA) in its guidelines on the use and the explanation of the alternative performance measures.

These APMs are used in addition to the figures prepared in accordance with the International Financial Reporting Standards (IFRS). They provide additional insights in the financial results of the group and offer useful information for investors. The presentation of interrelationships based on comparative figures about the current period and the previous period also provides information about the financial evolution.

EBIT

EBIT ('Earnings Before Interest and Taxes') is an indicator for the operational result and defined as the profit/loss (-) from operating activities. This performance measure does not take into account the effect of the capital structure, nor the various aspects of corporate taxes.

EBITDA

EBITDA ('Earnings before Interest, Taxes, Depreciation and Amortisation') is an indicator for the operational result and defined as the profit/loss (-) from operating activities adjusted for depreciation, amortisation, write-downs, impairment losses and provisions. This performance measure does not take into account the effect of the capital structure, nor the various aspects of corporate taxes; and, additionally, disregards the non-cash items, being depreciation, amortisation, write-downs, impairment losses and provisions.

The EBIT and the EBITDA are measures frequently used by investment analysts and investors or other stakeholders to compare companies within the same sector, to determine a company's creditworthiness or to obtain an insight of the company's ability to generate cash.

EBT

EBT (Earnings Before Taxes) is an indicator of the profit/loss (-) before taxes.

Dividend

The part of profit (or reserves) which is distributed to the shareholders.

Balance sheet total

The balance sheet total equals total assets or total equity and liabilities.

Gross financial debt (-)

The gross financial debt is defined as the total current and non-current interest-bearing financial liabilities increased by the total current and non-current lease liabilities.

	(in K euro)	June 2022*	June 2023	Δ in %
Non-current interest-bearing financial liabilities		-2 126	-1 649	22.4%
Non-current lease liabilities		-2 751	-2 655	3.5%
Current interest-bearing financial liabilities		-474	-477	-0.5%
Current lease liabilities		-684	-738	-7.9%
Gross financial debt (-)		-6 035	-5 519	8.6%

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

Net financial debt (-)/net cash

The net financial debt (-) is the total of the current and non-current interest-bearing financial liabilities and the current and non-current lease liabilities, less the cash and cash equivalents. When the cash and cash equivalents exceed the aforementioned liabilities, this measure is referred to as [net cash](#) or [cash surplus](#).

	(in K euro)	June 2022*	June 2023	Δ in %
Cash and cash equivalents		8 111	10 105	24.6%
Non-current interest-bearing financial liabilities		-2 126	-1 649	22.4%
Non-current lease liabilities		-2 751	-2 655	3.5%
Current interest-bearing financial liabilities		-474	-477	-0.5%
Current lease liabilities		-684	-738	-7.9%
Net Cash		2 076	4 586	120.9%

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

Current ratio

The current ratio is the ratio of the current assets to the current liabilities.

This ratio provides insight into the ability of a company to meet its current liabilities and also indicates whether the company has sufficient own resources to finance its investments.

(in K euro)	June 2022*	June 2023	Δ in %
Current assets	17 700	18 214	2.9%
Current liabilities	13 662	14 734	7.8%
Current ratio	129.6%	123.6%	-4.6%

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

Solvency ratio

The solvency ratio is the ratio of the total equity to the balance sheet total.

This ratio provides insight into the ability of a company to meet its non-current liabilities and also indicates its level of dependency towards creditors.

(in K euro)	June 2022*	June 2023	Δ in %
Total equity	45 733	44 943	-1.7%
Total assets	68 839	66 849	-2.9%
Solvency ratio	66.4%	67.2%	1.2%

* The figures of the first 6 months of 2022 concern revised figures; for more information, see note 1 - Business combinations.

Financial calendar

31 January 2024 ⁽²⁾	after trading hours	2023 trading update
4 March 2024 ⁽²⁾	after trading hours	2023 annual results
8 May 2024	at 2 p.m.	Annual General Meeting of Shareholders
22 August 2024 ⁽²⁾	after trading hours	Half-year results and half-yearly financial report 2024

Outlook 2023⁽¹⁾

In 2023, the focus will continue to be on growth, both for the activities of smartphoto as well as for naYan. For smartphoto, this will include expansion of the product range, the implementation of price increases and the improvement of conversion. Besides focusing on growth by gaining new customers for its 'E-commerce as a Service' (EaaS), naYan will also focus on optimisations of the underlying processes and structures.

About smartphoto group

Smartphoto group, the innovative e-commerce group, is active under the name smartphoto™ in 12 European countries in B2C e-commerce with affordable, high-quality personalised products, such as gifts, cards, photo books, photo calendars, prints and wall decoration.

Additionally, smartphoto group, through naYan, is one of the market leaders in e-commerce distribution in Europe by offering a unique 'E-commerce as a Service' (EaaS) for international brands looking for growth, and the sale to companies of personalised gift packages with chocolate, alcohol, fruit or flowers through websites such as Gift.be and GiftsforEurope.com.

The shares of smartphoto group are traded on Euronext Brussels (ISIN BE0974323553, ticker symbol SMAR).

For additional information

Stef De corte*, CEO
smartphoto group NV
Kwatrechtsteenweg 160
B- 9230 Wetteren
Tel. +32.9.365.99.10
E-mail: corporate@smartphoto.com - Internet: www.smartphotogroup.com

* Permanent representative of Acortis BV

⁽¹⁾ This report contains forward-looking information based on current internal estimates and expectations. The forward-looking statements involve inherent risks and speak only as of the date they are communicated. It cannot be excluded that actual results differ materially from the forward-looking expectations contained in this release.

⁽²⁾ Indicative dates

This half-yearly financial report is a free English translation of the official Dutch version.

